

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

INCOME TAX REFERENCE No 101 of 1984

For Approval and Signature:

Hon'ble MR.JUSTICE C.K.THAKKER and  
MR.JUSTICE M.C.PATEL

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1. Whether Reporters of Local Papers may be allowed to see the judgements?
  2. To be referred to the Reporter or not?
  3. Whether Their Lordships wish to see the fair copy of the judgement?
  4. Whether this case involves a substantial question of law as to the interpretation of the Constitution of India, 1950 of any Order made thereunder?
  5. Whether it is to be circulated to the Civil Judge?

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AHMEDABAD NEW COTTON MILLS CO.LTD.

Versus

COMMISSIONER OF INCOME-TAX

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Appearance:

MR Manish J Shah for JP SHAH for Petitioner  
MR RP BHATT for Respondent No. 1

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CORAM : MR.JUSTICE C.K.THAKKER and  
MR.JUSTICE M.C.PATEL

Date of decision: 23/06/98

ORAL JUDGEMENT

The following question is referred for the opinion of this Court :

"Whether, on the facts and in the circumstances of the case, the Tribunal was right in law in disallowing the interest of Rs.47,331/- paid u/s.

220(2) of the Act ?"

2. In Saurashtra Cements and Chemical Industries Ltd. Vs. Commissioner of Income Tax, this Court, after considering various decisions on the point, held that the interest paid for late payment of tax cannot be taken as expenditure for the purpose of deduction. The principle laid down in Saurashtra Cements and Chemicals Industries Ltd. (Supra) was reiterated by this Court in Commissioner of Income Tax Vs. Ashok Mills Ltd. 218 ITR 526 and recently in Commissioner of Income Tax Vs. Raipur Manufacturing Co. 231 ITR 598.

3. In view of the fact the point is convered by the above decisions, in our opinion, the reference must be answered in the affirmative i.e. against the assessee and in favour of the Revenue. The reference is accordingly disposed of. No Costs.

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